

# Financial Programs



**Financial Incentives**, or gap financing programs, are available to qualifying existing and new businesses. The City of Rockford has a history of supporting economic development efforts through the use of tax increment financing, its revolving loan fund and no interest loan program. The City is also a member of the Wright County Economic Development Partnership, providing businesses with access to these County funds. The City has successfully secured grants through the MN Department of Employment and Economic Development on behalf of businesses for land acquisition and equipment purchases. Contact City Administrator Nancy Carswell or Economic Development Consultant Joanne Foust.

## Examples of Financial Programs

**Tax Increment Financing:** Tax increment financing is a tool which allows the City to reimburse the company or land owner a portion of the new property taxes which are generated as a result of an expansion project. The amount of financial assistance available (TIF) is dependent upon a number of factors including but not limited to the assessed market value of the building and the financial need of the company. The City could structure a note to the company to use the tax increments to reimburse project costs including land acquisition, site improvements such as parking lots, grading, landscaping and/or utility connections.

**Tax Abatement.** Tax abatement is a tool which allows the City to reimburse the company a portion of property taxes which are generated within a specified period of time. The amount of the tax abatement available depends on a number of factors, including, but not limited to the financial need of the company and participation by the County. Abated taxes could be used to reimburse project costs including land acquisition, site improvements such as parking lots, grading, landscaping and/or utility connections.

**Wright County Enterprise Revolving Loan Fund.** The Wright County Economic Development Partnership offers a loan program to provide gap financing for new and expanding industrial businesses. Qualifying businesses are required to create quality jobs with good wages, among other application requirements. For more information, contact the Partnership at :  
(763) 477-3086.

# Sample Financial Programs

## **MN Community Capital Fund/Revolving Loan Fund –**

*The City of Rockford is a member of the Wright County Economic Development Partnership. The Partnership is a member of the MN Community Capital Fund. The revolving loan fund is available for business and community economic development financing activities that lead to the creation of livable wage jobs and Industrial expansion. For more information please call Scott Martin (952) 541-9674.*

**Minnesota Investment Fund –** MN Department of Employment and Economic Development (DEED) offers a program, which is a low interest loan to a company for land, buildings, equipment and infrastructure improvements. The loan amount is based on the number of jobs the company commits to creating over a two year period (from the time of occupancy). If the minimum wage paid to employees is \$11.21 per hour the company is eligible for \$8,000 for every job created. If you pay your employees a minimum of \$13 per hour, you would be eligible for \$12,000 per job created. For example, if you plan to create 20 jobs the maximum loan would be \$160,000 (if \$11.21 per hour) or \$240,000 (if \$13 per hour). The maximum amount available to a city on an annual basis is \$500,000. Loans typically carry terms of 15-20 years for real estate and a maximum 10 years for equipment. The interest rate is negotiable with the City. Applications are accepted year-round.

**Initiative Foundation Loan Programs –**The Initiative Foundation provides gap financing to industrial and commercial businesses throughout Wright County. Programs available for startup and expansion projects include the Business Loan Program, Loan Guarantee Program and the Central Minnesota Seed Fund. For more information contact the Initiative Foundation at (320) 632-9255 or <http://www.ifound.org> or the Wright County Economic Development Partnership at (763) 477-3086.

**Industrial Revenue Bonds:** IDBs are private activity bonds (small issue manufacturing bonds) issued by cities on behalf of private borrowers to finance the fixed costs of manufacturing facilities. IDBs may be utilized if the company owns or is leasing the facility. The bonds are marketed on their financial strength. Financial statements of the company do not need to be disclosed to investors. If the company is interested in this option, the City would proceed with requesting an allocation for funds from the state of MN, following submittal of the required pre- application.

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